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This publication is prepared for regional specialists in the Washington community by the East Asia/Pacific Division, Office of Regional and Political Analysis, with occasional contributions from other offices within the National Foreign Assessment Center. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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US-Philippine Base Discussions: Sovereignty and Compensation

During Vice President Mondale's visit to the Philippines in early May, President Marcos agreed to hold bilateral military talks to marry the principle of Philippine sovereignty with unhampered US command and control of the bases. These talks have proceeded relatively smoothly, with both sides nearing agreement on a package involving the installation of Philippine base commanders; the flying of the Philippine flag; and the delimitation of US base facilities. Marcos has now asked for a brief recess in the discussions in order to review the matter.

For President Marcos, the key question is whether he will go ahead and sign an amendment to the current Military Bases Agreement--one that he can portray as representing a significant concession to the principle of Philippine sovereignty over the bases. Such a move would significantly contribute to stabilizing the bases issue, but it might also potentially reduce Marcos's leverage on the US for obtaining more generous compensation than that proposed last March when \$400 million over a five-year period was offered.

Marcos may delay initialing an amendment to the bases agreement in hopes of securing a more advantageous compensation package, and perhaps a more explicit defense commitment from the US. He would probably view progress in both of these areas as more significant indicators of US support than any amendment coming out of the bilateral military talks.

Despite allegations of opposition pressure, President Marcos is the master of his timetable as far as Philippine tactics on the base negotiations are concerned. Although his military negotiating team and the prospective Philippine base commanders might be disappointed with protracted delay in amending the bases agreement, the key issue for the Philippine armed

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forces--and Marcos--remains the amount of equipment and money they hope to obtain through bases compensation.

The Compensation Factor

The Philippine leader had promised to come up with a counterproposal to Washington's \$400 million offer sometime after the April parliamentary elections. Both intractable issues of compensation and criminal jurisdiction were indefinitely deferred, however, pending the results of the military talks. The remaining difficult and time-consuming questions of taxation, immigration, labor, and customs were also postponed.

Marcos may continue to hold off on a counteroffer to the US compensation proposal until he has a better reading of the prospects for Congressional approval of such a sizable financial package. He is well informed on the current debate on the recently passed House foreign aid bill and understands that completion of the legislative process by the Senate will probably not take place until after the Labor Day recess. He undoubtedly will wait to see how the \$18.1 million in military assistance proposed for the Philippines fares in the final foreign bill. Any significant reduction in this figure will certainly affect Marcos' estimate of President Carter's ability to deliver on the overall compensation package.

He has already raised the question of financial compensation for Philippine security and administrative costs at the bases--an apparent total of \$110 million over the next five years. Defense Secretary Enrile has been particularly insistent that the US assist the Philippines in this matter.

Prospects: A Close Call

Since the base negotiations began their current phase, Marcos has consistently maintained that it made little difference whether the present bases agreement was amended or a new one written. Both sides have accepted the principle of a five-year review provision for the duration of the bases agreement, which

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does not expire until 1991. But Marcos can easily delay the formal incorporation of any revision into the bases agreement, claiming that the current modifications are not broad enough to meet significant Philippine interests, especially in terms of sovereignty.

Marcos could also attempt to introduce the controversial issue of criminal jurisdiction--a sure signal of an intentional slowdown on his part--until the dust settles from Mrs. Marcos' recent remarks before a Congressional committee on the Philippines' human rights record. The First Lady was taken aback by the rough questioning of several House members, and there are indications that she plans to launch a low-key anti-US propaganda campaign against the bases in retaliation.

Philippine officials have sidestepped the issue of criminal jurisdiction for the time being because of its highly emotional implications for Filipinos. Philippine authorities claimed last week, however, that a number of US servicemen must stand trial in a Philippine court for their alleged involvement in a shooting incident at Clark Air Force Base.

The assertion of Philippine sovereignty holds a strong appeal for Marcos--both for its domestic and international impact. He does not seem to have a pressing need to demonstrate US support for his regime, and he may well forgo an opportunity to cap the military talks until the compensation picture clarifies. (SECRET NOFORN-NOCONTRACT-ORCON)

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North Korea's China Tilt More Pronounced

North Korea has tilted more toward China since Chinese party leader Hua Kuo-feng's visit last May. Pyongyang has:

- Joined in criticism of Soviet and Cuban actions in Africa ("forces of domination") at the recent conference of nonaligned foreign ministers in Belgrade.
- Sided somewhat more openly with China's ally, Cambodia, in its border conflict with Vietnam.
- Supported China more openly in the continuing Sino-Soviet border dispute.

North Korea's attitude toward the Sino-Soviet border dispute is perhaps the most telling indicator of how far North Korean President Kim Il-song has moved away from Moscow. North Korea quickly replayed China's protest note over the Soviet border incursion in Manchuria on 9 May, and on 1 August Pyongyang domestic radio carried a summary of a shrill anti-Soviet article by the Chinese Defense Minister. Kim Il-song may be particularly miffed at the Soviets over the border intrusion, which took place while he was playing host to Hua Kuo-feng.

North Korea obviously was pleased with most aspects of the Hua visit. The Chinese leader reaffirmed Peking's support for the North as the sole legitimate government on the Korean Peninsula and pledged Peking's opposition to any schemes to formalize a "two-Koreas" solution. Hua reportedly promised increased economic assistance, including a gift of some 1.5 million tons of crude oil. Following the Hua visit, the Chinese press devoted increased space to highly flattering articles on Kim Il-song.

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China, for its part, probably has been motivated by recent events to devote more effort to courting Kim Il-song. Peking has publicly complained about Soviet efforts to "encircle" China with hostile states, and it does not want to see the Soviets make gains in North Asia similar to those they have scored in Vietnam and Afghanistan.

It is doubtful, however, that the Hua visit has completely dispelled North Korean apprehensions that Peking might sacrifice Pyongyang's interests in the pursuit of broader Chinese strategic goals. North Korea, for example, continues to oppose Peking's efforts to elevate the Soviets to the position of "main enemy," and it is well aware of China's lack of enthusiasm for an early and complete withdrawal of US military forces from South Korea.

China's recent signing of the Peace and Friendship Treaty with Japan is likely to add to Pyongyang's discomfort. Japan has substantial economic and political ties with South Korea, and it looms as a potential key participant in any future settlement of the Korean question.

North Korea also knows that China cannot replace the USSR as a source of economic and military assistance, especially in the field of advanced aircraft, missiles, and electronics. As a result, Kim Il-song is likely to continue to impose limits on North Korea's tilt toward China in order to preserve his options with the Soviet Union.

The Soviets, for their part, have been unwilling in recent years to invest much in wooing Kim Il-song. Moscow has not volunteered to ease Pyongyang's financial plight by providing hard-currency relief. Bilateral trade relations are increasingly linked to North Korea's performance in meeting its export commitments. More important, North Korea has been cut off for several years from advanced weapons of the type that Moscow has routinely provided to a number of other clients. Finally, Moscow deeply distrusts Kim, and unlike the Chinese, it has been unwilling to associate itself with the Kim personality cult.

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Since 1975 Kim Il-song has been seeking a Moscow summit to balance his highly publicized trip to Peking. In January 1978 for the first time in five years a Soviet Politburo member traveled to Pyongyang; he reportedly extended an invitation to Kim to visit Moscow later this year. Since the Hua trip to Pyongyang in May, however, Soviet officials have refused to specify when Kim's visit will take place. (SECRET NOFORN-NOCONTRACT-ORCON)

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